

Message Text

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SUBJECT: INVISIBLES COMMITTEE: SPECIAL SESSION ON
INWARD DIRECT INVESTMENT, JUNE 29, 1976

REFS: (A) DAF/INV/76.17, (B) DAF/INV/76.20,
(C) DAF/INV/76.13

1. IN FULL DAY MEETING, SPECIAL SESSION OF INVISIBLES COMMITTEE (IC) ON INWARD DIRECT INVESTMENT, JUNE 29, REVIEWED TRENDS IN FLOWS OF INTERNATIONAL DIRECT INVESTMENT, WITH SPECIAL EMPHASIS ON MOST RECENT PERIOD 1970-1975. IT ALSO REVIEWED REFDOC B ON INFORMATION CONCERNING ADMISSION OF FOREIGN DIRECT INVESTMENT INTO MEMBER COUNTRIES.

2. DIRECT INVESTMENT TRENDS: ALTHOUGH OVERALL TREND OF RISING NEW DIRECT INVESTMENT THROUGHOUT OECD SEEMED FAIRLY STABLE, NUMBER OF COUNTRY REPS NOTED SUBSTANTIAL AND SIZEABLE DISINVESTMENTS HAD OCCURRED IN NUMBER OF IMPORTANT INDUSTRIES. MOST OF THESE HAD OCCURRED AS RESULT OF SPECIAL CIRCUMSTANCES. GENERAL CONCLUSION ON OVERALL TREND WAS THAT DIRECT INVESTMENT IN OECD AREA BECOMING MORE A TWO-WAY AFFAIR AS MOST MEMBERS WERE

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INCREASINGLY INVOLVED IN BOTH OUTWARD AND INWARD FLOWS.

DURING TOUR DE TABLE OF RECENT TRENDS IN MEMBER COUNTRIES, FOLLOWING SUBSTANTIVE POINTS MADE. AT END 1974, FRG HAD ANNUAL INFLOWS OF DIRECT INVESTMENT OF US\$2.55 BILLION; IN 1975, THIS DECLINED TO \$1.34 BILLION. IN ITALY, ON OTHER HAND, DIRECT INVESTMENT INFLOWS HAVE BEEN STAGNANT SINCE 1970. FOREIGN INVESTMENT HAS BEEN RISING RAPIDLY IN JAPAN OVER PAST THREE YEARS, PERHAPS ASSOCIATED WITH THE GREATER LIBERALIZATION MEASURES ADOPTED BY THE JAPANESE AUTHORITIES. HOWEVER, ABSOLUTE AMOUNTS OF THE INFLOWS RELATIVE TO OTHER MEMBER COUNTRIES AND TO OTHER ECONOMIC AGGREGATES IN JAPAN ARE STILL SMALL. SWEDEN INDICATED THAT INWARD INVESTMENT WAS CONTINUING DOWNWARD TREND IN EFFECT SINCE EARLY 1970'S. US EXPERT DESCRIBED INCREASE IN INWARD INVESTMENT IN US IN 1975, AND INDICATION OF SLIGHT DOWNWARD TREND IN OUTWARD INVESTMENT IN SAME PERIOD, DUE PRIMARILY TO ECONOMIC SLUGGISHNESS IN OTHER MEMBER COUNTRIES.

3. IN REVIEW OF REFDOC B IN AFTERNOON SESSION, EXPERTS DESCRIBED COUNTRY PROCEDURES FOR AUTHORIZATIONS OF INWARD DIRECT INVESTMENT. NO MAJOR DIVERGENCIES FROM DESCRIPTION IN REFDOC B WERE ENCOUNTERED, ALTHOUGH MOST EXPERTS VOICED THE OPINION THAT THE TREND WAS AWAY FROM INCREASING REGULATION AND AUTHORIZATIONS IN THIS FIELD.

4. IC AGREED THAT SPECIAL SESSION WAS USEFUL EXERCISE WHICH SHOULD BE REPEATED AGAIN NEXT YEAR, INVOLVING, IF APPROPRIATE, THE POSSIBILITY FOR A TWO-DAY SESSION TO ALLOW MORE IN-DEPTH DISCUSSION OF THE REASONS BEHIND MANY OF TRENDS EVINced IN THE DATA.
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